

BOARD OF EXAMINERS MEETING

March 16, 2016

1. A. Call to Order and Confirmation of Attendance

Governor Steve Bullock as President of the Board called the meeting to order on March 16, 2016, at 3:03p.m. in Room 250 of the State Capitol with Attorney General Tim Fox and Secretary of State Linda McCulloch in attendance.

Staff and advisors present were: Sheila Hogan, Mark Bruno, Gretchen Bingman, Jamie Walkenhorst, and Emily Kittelson, Department of Administration; Dan Villa and Ryan Evans, Office of Budget and Program Planning; Eric Stern, Secretary of State's Office; Mike Tooley, David Hamer, and Larry Flynn, Department of Transportation; Anna Miller and John Tubbs, Department of Natural Resources and Conservation; Dan Semmens of Dorsey & Whitney LLP; John Moellenberg RBC Capital marketing.

Staff and advisors on the phone were: Jonathan Heroux, Piper Jaffray & Co; Aaron Rudio of D.A. Davidson

B. Approval of Minutes of Board of Examiners Meeting of January 8, 2016

Motion and Vote: Governor Bullock called for a motion to approve the minutes of the Board of Examiners meeting of January 8, 2016. Linda McCulloch so moved. The motion passed unanimously.

C. Sheila Hogan, Director, Department of Administration: Overview of Agenda

First on the Boards agenda is the Department of Transportation, Highway 93 Grant Anticipation Refunding GARVEE Notes. Dan Semmens will discuss the savings and the pricing of the refunding notes. He will also discuss related series 2016 supplemental resolution and other items. Anna Miller will discuss the need of up to \$3,000,000 coal severance tax revenue bond from the Board of Investments for renewable resource projects. Dan Semmens will then explain the resolutions associated with the series. Anna will talk about the need for an \$800,000 renewable resource General Obligation Bond for the state revolving loan fund program. Dan will again explain the legal documents, and terms and conditions of this Bond. DNRC will present the water pollution control state revolving fund program and the requesting up to \$3,000,000 in General Obligation Bonds Anticipation Notes. Again Dan will discuss the associated resolution and Supplemental Indenture of the Water Pollution Control Bond. DNRC's final item on the agenda is the Request of up to \$2,500,000 in General Obligation Bond Anticipation Notes through the Board of Investments to be associated through the Drinking Water Revolving Fund Program. Dan will walk through the related resolution and legal documents. The Department of Administrations Mark Bruno and Gretchen Bingman will discuss, review and update Administrative Rules Relating to the Board of Examiners. Lastly, Dan has a resolution related to updating the administrative rules.

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2. Piper Jaffray & Co. (Jonathan Heroux): GARVEE Refunding Notes:

RBC and D.A. Davison went into the market place today, and at the end of the order period around 50% of the bonds or GARVEE notes had orders. The underwriter's made a verbal offer to the state to increase the yields. With that a few maturities were willing to take down the unsold balances. We ended up with savings almost identical to what everyone saw back in January 4.31% in net Present value savings which in dollar terms is a little over \$1.16 million to the state.

Motion and Vote: Governor Bullock called for public comment. Hearing none, he then called for a motion to adopt the Initial Authorizing Resolution. Tim Fox so moved. The motion passed unanimously.

3. Dorsey & Whitney LLP (Dan Semmens): GARVEE Refunding Notes:

The matter before the board is the GARVEE refunding note State of Montana, Department of Transportation, \$22,540,000 grant anticipation refunding note. Highway 93 advance construction project GARVEE series 2016 the series 2016 supplemental resolution.

Motion and Vote: Governor Bullock called for public comment. Hearing none, he then called for a motion to adopt the Initial Authorizing Resolution. Linda McCulloch so moved. The motion passed unanimously.

4. Department of Natural Resources and Conservation (Anna Miller): Coal Severance Tax Revenue Bonds:

This bond will take care of two projects the Bitterroot Irrigation project, which is doing construction repairs; And the Yellowstone Boys and Girls Ranch, which is having some compliance issues with their waste water systems. We will be working with the Board of Investments. Both of these projects are authorized in House Bill 8.

5. Dorsey & Whitney LLP (Dan Semmens): Coal Severance Tax Revenue Bonds:

The resolution before the Board of Examiners is the 2016 series A, taxable resolution relating to the state of Montana coal Severance Tax bonds, Department of Natural Resources and conservation renewable resources program. 2016 Series A, Taxable in the original aggregate principle amount of up to \$3.0 million dollars.

Motion and Vote: Governor Bullock called for public comment. Hearing none, he then called for a motion to adopt the Initial Authorizing Resolution. Tim Fox so moved. The motion passed unanimously.

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6. Department of Natural Resources and Conservation (Anna Miller): Non-Point Source Renewable Resource Bond:

Provided a letter of recommendation for \$800,000 dollars in renewable resource general obligation bonds. If you look at the green maps these are our loans to citizens and ditch companies to put in more efficient irrigation systems. This also shows that things have slowed down in the economy as far as the oil and gas activity. Montana farmers and ranchers are out there still doing improvement to their agricultural facilities. We are requesting \$800,000 dollars to go ahead and make loans to private irrigators.

7. Dorsey & Whitney LLP (Dan Semmens): Non-Point Source Renewable Resource Bond:

The nonpoint source renewable resource bonds go to private irrigator's so they are taxable bonds. You might recall that these bonds are general obligation bonds primarily of the State that are sold to the SRF program. That holds the bond and then is able to make the loans to the irrigators at a 2.5% interest rate, because we are meshing two programs together. The resolution accomplishing this is the resolution relating to \$800,000 dollars State of Montana General Obligation Renewable Resource Program Bond, taxable series 2016 B, authorizing the issuance therefore to the State of Montana Water Pollution Control State revolving fund program.

Motion and Vote: Governor Bullock called for public comment. Hearing none, he then called for a motion to adopt the Initial Authorizing Resolution. Linda McCulloch so moved. The motion passed unanimously.

8. Department of Natural Resources and Conservation (Anna Miller): Water Pollution Control State Revolving Fund Program:

This is a request for \$3.0 million dollars for a General Obligation Bond which will match grant funds from the EPA to finance waste water projects in Montana. If you look at our list again we are doing a lot of waste water treatment work in Miles City and Sydney. We will be doing collection lines in Columbus, and Cut Bank will also have waste water treatment project that will be probably between \$10 and \$15 million dollars. Dawson County is putting in collection lines that will connect into a new Glendive plant. The City of Havre is finishing up their \$12 million dollars waste water treatment plant, and Butte's \$30 million treatment plant is finishing up construction this year. We are showing our construction industry is healthy we will have a lot of projects moving out this summer and most likely continuing into next year in the waste water area.

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9. Dorsey & Whitney LLP (Dan Semmens): Water Pollution Control State Revolving Fund Program:

This resolution of the Board of Examiners of the State of Montana is relating to the state's water pollution control state revolving fund program. Approving a supplemental indenture of trust would provide for the issuance of General Obligation Bond Anticipation Notes. Authorizing the issuance and sale and establishing the terms and conditions of up to \$3,000,000 General Obligation Bond Anticipation Notes, water pollution control state revolving fund program, taxable series 2016C, and authorizing the execution of the supplemental indenture and related documents.

Motion and Vote: Governor Bullock called for public comment. Hearing none, he then called for a motion to adopt the Initial Authorizing Resolution. Tim Fox so moved. The motion passed unanimously.

10. Department of Natural Resources and Conservation (Anna Miller): Drinking Water State Revolving Fund Program:

This is a request for \$2.5 million dollars in State obligation bonds, which will again be matched with the EPA funds, we will loan these funds to communities for projects. We have a drinking water project in Big Sandy MT, and Billing Heights. The Dry Prairie Regional Water System will have a \$4 million dollar project, and they are going to borrow \$1.7 million from our program. The City of Great Falls will be taking bids for a \$28 million dollar water rehabilitation plant, and this is the first \$10 million of that \$28 million. The city of Laurel will be borrowing \$3 million dollars from us to do a project. Also the Laurel intake that will be matched with FEMA funds at \$8 million dollars. The South Wind water and sewer district has been out of compliance status in both their water and waste water system for the last ten years. We will be working on their drinking water system to get that up to compliance. Through the end of February, we have participated in \$79 billion dollars' worth of water and waste water projects. The loans from our revolving fund projects have totaled over \$45 million.

11. Dorsey & Whitney LLP (Dan Semmens): Drinking Water State Revolving Fund Program:

This is the resolution of the board of the State of Montana relating to the States drinking water revolving fund program. Approving a supplemental indenture of trust would, provide for the issuance of the state of Montana general obligation bonds anticipation notes, authorizing the issuance and sale and establishing the terms and conditions up to \$2,500,000 in General Obligation Bond Anticipation Notes.

Motion and Vote: Governor Bullock called for public comment. Hearing none, he then called for a motion to adopt the Initial Authorizing Resolution. Linda McCulloch so moved. The motion passed unanimously.

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12. Department of Administration (Mark Bruno): Review and Update of Administrative Rules Relating to the Board of Examiners:

2-4-314 MCA of the Montana code annotated requires a biennial review of agency administration roles. The Board of Examiners has two roles; one of the roles deals with organizational description and the other one is the model procedure roles. Both roles are required, and both roles are currently out of date. The organizational role needs more information; such as who to contact including the address, and the current web site. The model procedure roles need to reflect the current procedural roles of the Secretary of State and the Attorney General. These rules pertain to citizen participation, notice of hearings procedures, and declaratory rulings. A letter signed by the Governor authorizing the Director of the Department of Administration to carry out the updating of these two roles would be the most efficient process.

13. Dorsey & Whitney LLP (Dan Semmens): Review and Update of Administrative Rules:

This is the resolution authorizing amending administrative rules relating to the Board of Examiners.

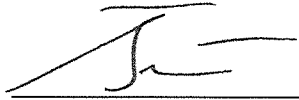
Motion and Vote: Governor Bullock called for public comment. Hearing none, he then called for a motion to adopt the Initial Authorizing Resolution. Tim Fox so moved. The motion passed unanimously.

14. Governor: Other Business:

There was no other business. The meeting adjourned at 3.32 p.m.

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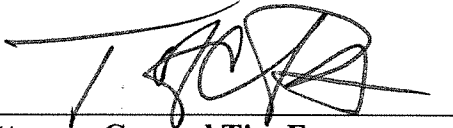
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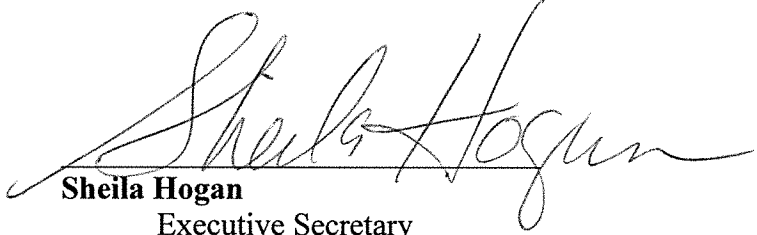
Governor Steve Bullock
President of the Board



Secretary of State Linda McCulloch
Member of the Board



Attorney General Tim Fox
Member of the Board



Sheila Hogan
Executive Secretary